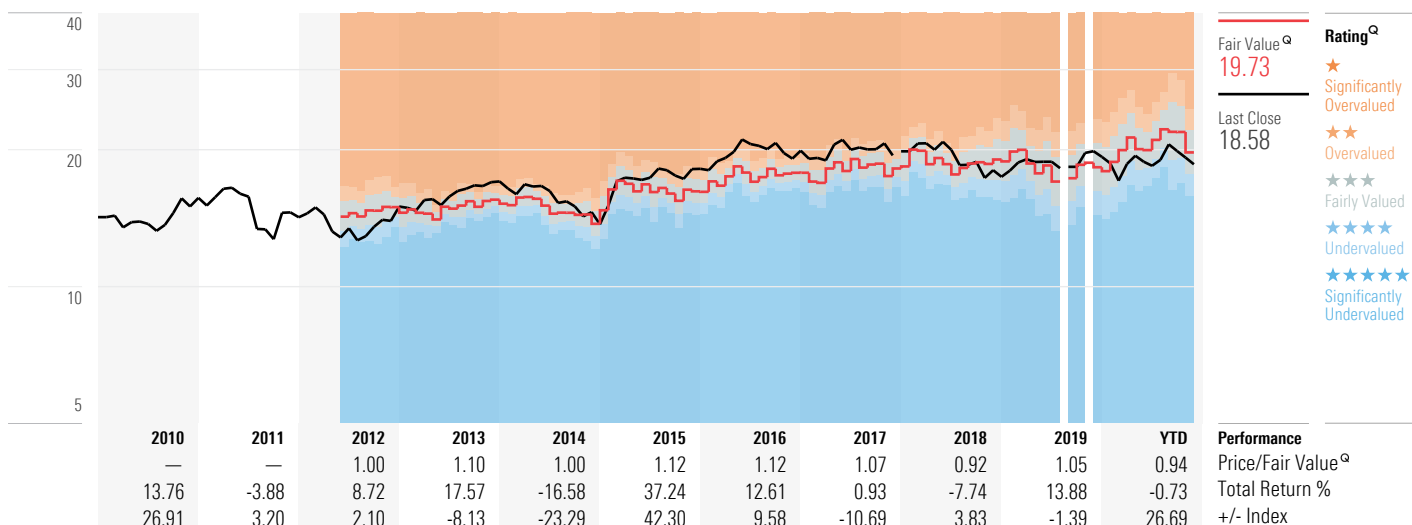


Ebro Foods SA EBRO ★★★ Q 21 Nov 2020, 00:36 UTC

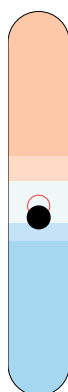
Economic Moat ^Q Narrow	Uncertainty ^Q High	Price/Fair Value ^Q 0.9	Trailing Dividend Yield % 3.07	Market Cap 2.8588 Bil	Investment Style Mid Core	Sector Consumer Defensive	Industry Packaged Foods
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Total Return % as of 20 Nov 2020. Last Close as of 20 Nov 2020. Fair Value as of 21 Nov 2020, 00:36 UTC. Index: Morningstar Spain GR EUR.

There is no one analyst in which a Quantitative Fair Value Estimate and Quantitative Star Rating are attributed to; however, Mr. Lee Davidson, Head of Quantitative Research for Morningstar, Inc., is responsible for overseeing the methodology that supports the quantitative fair value. As an employee of Morningstar, Inc., Mr. Davidson is guided by Morningstar, Inc.'s Code of Ethics and Personal Securities Trading Policy in carrying out his responsibilities. For information regarding Conflicts of Interests, visit <http://global.morningstar.com/equitydisclosures>

Valuation^Q as of 20 Nov 2020



Fair Value^Q
19.73
Uncertainty^Q:
High
Last Close
18.58

EBRO is undervalued at a 6% discount.

Economic Moat^Q
Narrow
Financial Health^Q
Strong

1-Star Price^Q
> 24.56
5-Star Price^Q
< 15.84

Financials as of 20 Nov 2020 (Fiscal Year End 31 Dec 2019)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	YTD	Fiscal
Revenue (Bil)	2	2	2	2	2	2	2	3	3	3	2	Revenue (Bil)
Operating Income (Mil)	200	240	250	228	229	247	264	281	221	231	160	Operating Income (Mil)
Operating Margin (%)	11.84	13.33	12.61	11.63	10.79	10.03	10.72	11.19	8.44	8.21	9.58	Operating Margin (%)
Net Income (Mil)	389	152	159	133	146	145	170	221	142	142	103	Net Income (Mil)
Diluted Earnings/Share	2.51	0.98	1.05	0.86	0.95	0.94	1.10	1.43	0.92	0.92	0.67	Diluted Earnings/Share
Operating Cash Flow (Mil)	199	58	221	161	211	254	186	197	212	250	197	Operating Cash Flow (Mil)
Capital Spending (Mil)	-70	-67	-53	-61	-67	-81	-108	-121	-139	-149	-52	Capital Spending (Mil)
Free Cash Flow (Mil)	130	-8	168	100	144	173	78	76	73	102	145	Free Cash Flow (Mil)
Avg Shares Outstand(Mil)	155	154	152	154	154	154	154	154	154	154	154	Avg Shares Outstand(Mil)
Dividend Per Share	0.69	0.86	0.45	0.60	0.50	0.66	0.54	0.57	0.57	0.57	0.76	Dividend Per Share

Valuation as of 20 Nov 2020

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Current	Calendar
Price/Fair Value ^Q	—	—	1.00	1.10	1.00	1.12	1.12	1.07	0.92	1.05	0.94	Price/Fair Value ^Q
Price/Sales	1.13	1.29	1.11	1.28	1.07	1.20	1.23	1.21	1.06	1.08	0.91	Price/Sales
Price/Earnings	16.54	19.85	14.34	15.99	14.68	20.94	17.74	17.24	13.09	21.24	18.49	Price/Earnings
Price/Cash Flow	13.80	26.23	10.31	15.78	11.60	12.78	11.44	14.33	18.44	12.03	8.29	Price/Cash Flow
Price/Book	1.80	1.49	1.36	1.57	1.24	1.49	1.57	1.50	1.29	1.37	1.28	Price/Book

Operating Performance as of 20 Nov 2020 (Fiscal Year End 31 Dec 2019)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Q3	Fiscal (%)
Return on Assets	13.96	5.42	5.83	4.82	4.92	4.41	4.82	6.04	3.78	3.45	—	Return on Assets
Return on Equity	27.07	9.53	9.67	7.81	8.21	7.59	8.39	10.62	6.68	6.41	—	Return on Equity
Rtn on Invested Capital	18.5	6.3	7.91	6.51	6.79	6.14	6.69	8.4	5.34	4.82	—	Rtn on Invested Capital

Contact

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<http://www.ebrofoods.es>

Business Description

Ebro Foods SA is a Spanish international food group operating in the pasta, rice, and sauces segments. The company is present in more than 25 countries in Europe, North America, Asia, and Africa, through its wide network of subsidiaries and brands. The core businesses are rice and

pasta, offered in dry, fresh, precooked, and frozen varieties. Aside from pasta and rice, Ebro Food offers ready meals, fresh potato, sauces among others. The largest geographical segment for the rice division is in Europe, followed by North America, Asia, and Africa. Pasta, sauces, and other products, accounting for almost half of revenue, are mainly

present in Europe and North America.

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Morningstar's quantitative equity ratings consist of: (i) Quantitative Fair Value Estimate, (ii) Quantitative Star Rating, (iii) Quantitative Uncertainty, (iv) Quantitative Economic Moat, and (v) Quantitative Financial Health (collectively the "Quantitative Ratings").

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i. **Quantitative Fair Value Estimate:** Intended to represent Morningstar's estimate of the per share dollar amount that a company's equity is worth today. Morningstar calculates the Quantitative Fair Value Estimate using a statistical model derived from the Fair Value Estimate Morningstar's equity analysts assign to companies. Please go to <http://global.morningstar.com/equitydisclosures> for information about Fair Value Estimate Morningstar's equity analysts assign to companies.

ii. **Quantitative Economic Moat:** Intended to describe the strength of a firm's competitive position. It is calculated using an algorithm designed to predict the Economic Moat rating a Morningstar analyst would assign to the stock. The rating is expressed as Narrow, Wide, or None.

Narrow – assigned when the probability of a stock receiving a "Wide Moat" rating by an analyst is greater than 70% but less than 99%.

Wide – assigned when the probability of a stock receiving a "Wide Moat" rating by an analyst is greater than 99%.

None – assigned when the probability of an analyst receiving a "Wide Moat" rating by an analyst is less than 70%.

iii. **Quantitative Star Rating:** Intended to be the summary rating based on the combination of our Quantitative Fair Value Estimate, current market price, Quantitative Uncertainty Rating, and momentum. The rating is expressed as One-Star, Two-Star, Three-Star, Four-Star, and Five-Star.

One-Star – the stock is overvalued with a reasonable margin of safety.

*Log (Quant FVE/Price) < -1*Quantitative Uncertainty*

*Micro-Caps: Log (Quant FVE/Price) < -1.5*Quantitative Uncertainty*

Two-Star - the stock is somewhat overvalued.

*Log (Quant FVE/Price) between (-1*Quantitative Uncertainty, -0.5*Quantitative Uncertainty)*

*Micro-Caps: Log (Quant FVE/Price) between (-1.5*Quantitative Uncertainty, -0.75*Quantitative Uncertainty)*

Three-Star – the stock is approximately fairly valued.

*Log (Quant FVE/Price) between (-0.5*Quantitative Uncertainty, 0.5*Quantitative Uncertainty)*

*Micro-Caps: Log (Quant FVE/Price) between (-0.75*Quantitative Uncertainty, 0.75*Quantitative Uncertainty)*

Four-Star – the stock is somewhat undervalued.

*Log (Quant FVE/Price) between (0.5*Quantitative Uncertainty, 1*Quantitative*

Uncertainty)

*Micro-Caps: Log (Quant FVE/Price) between (0.75*Quantitative Uncertainty, 1.5*Quantitative Uncertainty)*

Five-Star – the stock is undervalued with a reasonable margin of safety.

*Log (Quant FVE/Price) > 1*Quantitative Uncertainty*

*Micro-Caps: Log (Quant FVE/Price) > 1.5*Quantitative Uncertainty*

After the initial calculation for the star rating, there is a final filtering step based on the momentum of the company. We rank the companies based on their 12-1 month momentum, then restrict those below the 30th percentile to a maximum of 3 stars.

iv. **Quantitative Uncertainty:** Intended to represent Morningstar's level of uncertainty about the accuracy of the Quantitative Fair Value Estimate. Generally, the lower the Quantitative Uncertainty, the narrower the potential range of outcomes for that particular company. The rating is expressed as Low, Medium, High, Very High, and Extreme.

Low – the interquartile range for possible fair values is less than 10%

Medium – the interquartile range for possible fair values is less than 15% but greater than 10%

High – the interquartile range for possible fair values is less than 35% but greater than 15%

Very High – the interquartile range for possible fair values is less than 80% but greater than 35%

Extreme – the interquartile range for possible fair values is greater than 80%

v. **Quantitative Financial Health:** Intended to reflect the probability that a firm will face financial distress in the near future. The calculation uses a predictive model designed to anticipate when a company may default on its financial obligations. The rating is expressed as Weak, Moderate, and Strong.

Weak – assigned when Quantitative Financial Health < 0.2

Moderate – assigned when Quantitative Financial Health is between 0.2 and 0.7

Strong – assigned when Quantitative Financial Health > 0.7

Other Definitions

i. **Last Close** – Price of the stock as of the close of the market of the last trading day before date of the report.

ii. **Quantitative Valuation**– Using the below terms, intended to denote the relationship between the security's **Last Price** and Morningstar's quantitative fair value estimate for that security.

Undervalued – **Last Price** is below Morningstar's quantitative fair value estimate.

Fairly Valued – **Last Price** is in line with Morningstar's quantitative fair value estimate.

Overvalued – **Last Price** is above Morningstar's quantitative fair value estimate.

This Report **has not been made available** to the issuer of the security prior to publication.

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